

**For discussion on
14 January 2008**

Legislative Council Panel on Health Services
Allocation of Resources among Hospital Clusters
By the Hospital Authority

PURPOSE

This paper briefs members on the principles and mechanism of resource allocation among hospital clusters by the Hospital Authority (HA).

BACKGROUND

2. The HA is a statutory body established under the Hospital Authority Ordinance (Cap 113) to provide, inter alia, public hospital services in Hong Kong. Pursuant to the health care policy of the Government, the HA's four priority service areas are -

- (a) acute and emergency care;
- (b) services for the low income group and the underprivileged;
- (c) illnesses that entail high cost, advanced technology and multi-disciplinary professional team work in their treatment, and
- (d) training of health care professionals.

3. The services of the HA are delivered through seven hospital clusters, with each comprising a well-balanced mix of acute and convalescent/rehabilitation hospitals to provide a full range of health care services. The clustering arrangement enables clear delineation of roles of different hospitals within each cluster and delivery of health care services in a cost effective manner. It also minimizes duplication of services and allows collaboration and complementary support amongst hospitals.

4. The HA receives annual subvention from the Government to support and finance the delivery of public health services. The level of subvention is determined having regard to the resources required to maintain the existing level of services, and to cope with new service demands arising from demographic changes, technological advancements, and the continuous pursuit of service improvement in the light of rising expectation from the public, etc.

5. To ensure the best use of resources for the delivery of quality service to the public, the HA has been adopting an approach that integrates its service planning and resource allocation through a structured framework and defined process that involves various stakeholders. The principles and mechanism involved are set out in the ensuing paragraphs.

INTEGRATED SERVICE PLANNING AND RESOURCE ALLOCATION IN HA

Formulation of HA annual plan

6. The formulation of the HA annual plan is the central exercise which translates the corporate vision and mission into strategies, goals and

service targets at the levels of clusters and individual hospitals. The drawing up of the annual plans at the hospitals and cluster levels are guided by the overall direction and priority service planning at the corporate level. In general, the service plans are developed to address certain identified key strategic challenges, such as to -

- (a) implement a planned response to increasing service demand,
- (b) continuously improve service quality and safety,
- (c) keep modernising HA,
- (d) build people first culture, and
- (e) maintain financial sustainability

The annual plans of individual hospitals and cluster are then developed, having regard to the service priority areas, baseline service level as well as new initiatives and service programmes.

7. The annual plan at each hospital is formulated at the management level and discussed by the respective Hospital Governing Committees where applicable. The annual plan of individual hospitals would form the basis for developing the cluster plan.

8. The cluster plan sets out the future challenges, major initiatives, and service targets to meet the demands of the communities covered by their respective catchment area. Specifically, the plans from hospital clusters may also contain proposals on innovative clinical programmes and service

reorganization to optimize service efficiency at the cluster level. Such clinical programmes are selected from various programmes proposed by the central specialty coordination committees¹ on the basis of the prevailing disease burden, evidence on clinical and cost effectiveness, clinical impact and the extent of achievability.

9. The annual plans from clusters would in turn form the basis for developing the HA annual plan, which gives an overview of the major direction, priority areas and programme initiatives as well as the service plans of individual clusters including the relevant targets and key performance indicators. In the process of drawing up its annual plan, the HA would engage members of the HA Board, executives of both the HA Head Office and clusters, representatives of staff groups and community leaders. The HA annual plan would also be published after consideration and endorsement by the HA Board.

Formulation of HA budget and allocation of resources among/within clusters

10. The processes of drawing up the HA annual plan and the budget are closely linked. In preparing for the budget for a year, due consideration is given to the several key factors, including Government's policies and funding, expenditure and income projection, and other sources of funding to meet the requirements for delivering the services in accordance with the annual plan.

11. The allocation of resources among hospital clusters is basically premised on the annual plans. In general, the following considerations are taken into account -

¹The HA has formed central coordinating committees under different specialties to consider issues relating to the delivery and development of services of respective specialties.

- (a) Baseline resource requirement for maintaining the delivery of the required level of services

Provision of primary and secondary services

A comprehensive range of primary and secondary services are being provided in all hospital clusters, including 24 hour accident and emergency care, in-patient service supported by different specialties, day services, outpatient services and rehabilitation and community services. Baseline resources would be allocated to clusters for delivery of these core services. The HA would also take into consideration the size of population, demographic profile and service utilization pattern of each cluster for necessary adjustment to its funding allocation to allow specific cluster to maintain, develop and expand its current service as appropriate.

Provision of tertiary and highly specialized services

These services, such as organ transplants, open heart surgery, severe burns, clinical oncology that have relatively small number of caseloads and require some state-of-the-art technologies, equipment and comprehensive supporting facilities for delivery, are provided by tertiary services centres at designated hospitals. The purpose of such arrangement is to achieve cost-effectiveness by concentrating expensive equipment technology, and to ensure the quality of services by pooling together the experience and expertise of health care professionals. Clusters with designated centres for the provision of such tertiary services would have their allocation adjusted to reflect their specific resource requirements.

- (b) Additional requirements for new initiatives and designated programmes

Additional funds would be allocated for the implementation of new initiatives and service programmes for addressing the demand at specific clusters, in particular the demand arising from opening of new services and facilities and enhancement of services in specific areas such as treatment for cancer and renal patients. The HA would also consider the innovative clinical programmes and service rationalization plans at cluster level, prioritize these new programmes and initiatives and earmark funding for the clusters for implementation.

- (c) Other factors with resources implications

The HA would also take into account other factors such as the requirements for upgrading of facilities as necessitated by technology advancement, purchase of new drugs and pharmaceutical items, manpower training and education, etc. in the process of resource allocation to clusters.

12. Both the HA budget and the resource allocation among hospital clusters are put to the Finance Committee and the Administrative and Operational Meeting of the HA Board for consideration and endorsement. The allocation of resources within each cluster is essentially based on the service programmes and targets as defined in the process of drawing up the annual plan. The management of the respective cluster would allocate resources to their hospitals having regard to the service priority areas, baseline service requirements, as well as the implementation of any reorganization/

rationalization plans and new programmes/initiatives making reference to the agreed annual plan.

Continuous monitoring and review

13. The clusters are requested to submit regular reports to HA Head Office to show its performance indicators in regard to its service activities, manpower and financial situation, clinical outcome and implementation progress of its annual plan. Any variations from the pre-determined targets would be examined closely and where appropriate, remedial actions would be taken with corresponding adjustment in resource allocation. The Government also closely monitors the overall performance of HA and the proper and optimal use of Government's funding.

14. The HA reviews from time to time the existing mode of resources allocation for the purpose of enhancing the overall effectiveness of resources utilization. In the long term, the HA is planning to refine and develop an internal resource allocation system with built-in incentives to promote productivity and quality.

ADVICE SOUGHT

15. Members are invited to note the content of the paper.

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